

FISCAL YEAR 1998 HIGHLIGHTS

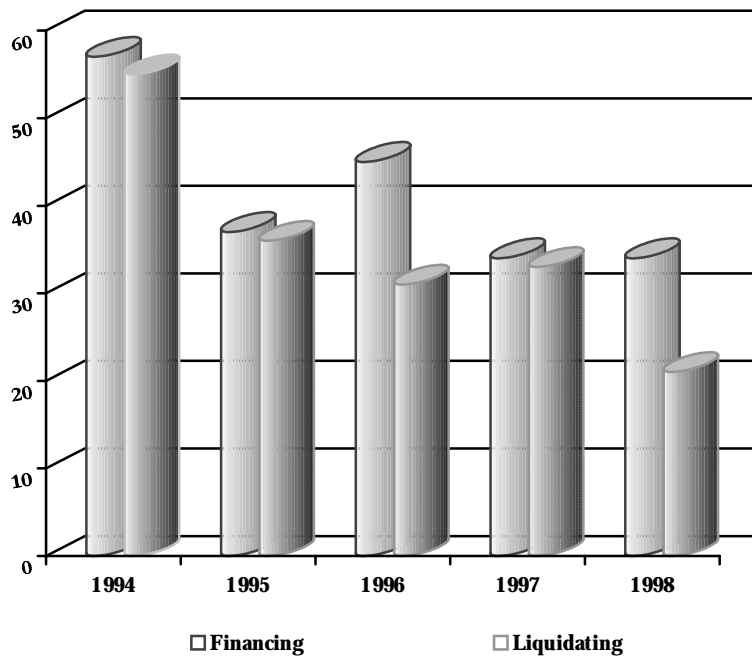
Loan Funds Advanced.

The Federal Credit Reform Act of 1990 restructured the methodology by which the Bank obtains and advances loan funds. Specifically, Credit Reform “divided” the Bank’s loan program by accounting for loans made prior to fiscal year 1992 (liquidating account loans) differently from loans made during and after fiscal year 1992 (financing account loans). The Bank advanced \$55.1 million in funds to borrowers in FY 1998; \$20.7 million in liquidating account loans and \$34.4 million in financing account loans. Over the last 5 years, Bank advances have averaged \$76.4 million annually.

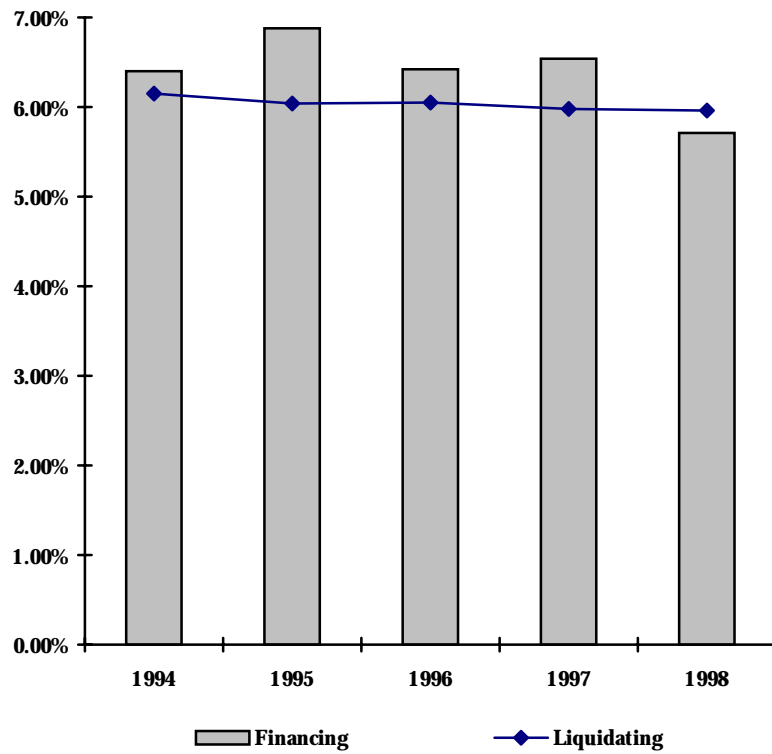
Interest Rates For Loan Funds Advanced.

In addition, Credit Reform results in two interest rates for loan funds advanced to borrowers after fiscal year 1991. The interest rate for variable rate loans approved prior to fiscal year 1992 and advanced in fiscal year 1998 was 5.96 percent (liquidating), the rate for loans approved during fiscal years 1992 through 1998, and advanced in fiscal year 1998, was 5.71 percent (financing). Two advances on pre-1988 loans with fixed rates of 6.5 percent and 7.0 percent were also made during fiscal year 1998.

Advances of Loan Funds (millions of dollars)



Interest Rates Charged on Loans



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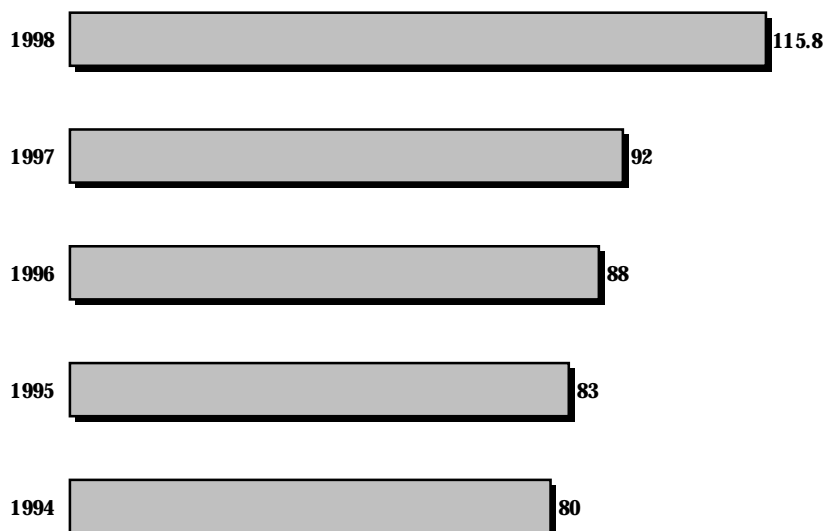
Interest Income and Patronage Capital Assignable.

Restricted capital and patronage capital at the end of fiscal year 1998 totaled \$99.5 million, which includes \$9.6 million earned in prior years but recognized in 1998. During 1998, interest and other income was \$143.6 million. Income from appropriations was \$3.5 million. Expenses amounted to \$27.9 million, leaving an excess of revenues and other financing sources over total expenses of \$115.8 million. A return of \$11.1 million paid to the U.S. Treasury and a cash dividend of \$14.4 million paid to Class C stockholders resulted in patronage capital assignable of \$79.9 million.

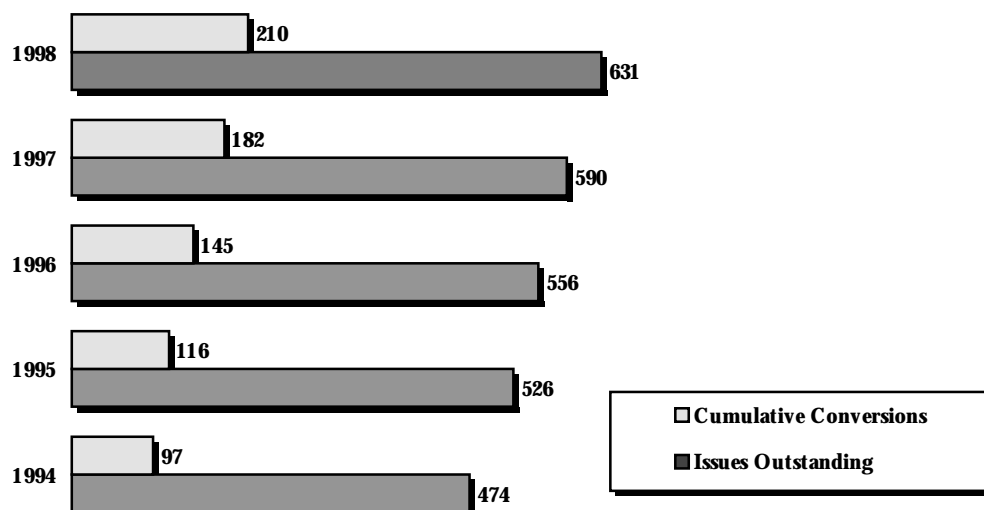
Dividends and Patronage Refunds.

The Bank Board of Directors declared a cash dividend of 7.25 percent on Class C stock at its August 21, 1998 meeting. This represented the 26th consecutive annual dividend by the Bank. A patronage refund was also declared for fiscal year 1998.

**Excess of Revenue and Other Financing
Sources Over Total Expenses**
(millions of dollars)



**Cumulative Class B Stock Outstanding and
Cumulative Conversions to Class C Stock**
(millions of dollars)



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Stock Sales.

No additional Class A stock was purchased by the Government during fiscal year 1998. The cumulative total of Class A stock purchases to date is \$592.1 million. In accordance with Board Resolution 98-5, \$27.8 million in Class A stock was redeemed on September 30, 1998; leaving a net outstanding of \$528.2 million. This was the third consecutive annual redemption of Class A stock.

Bank borrowers purchased \$2.4 million in Class B stock, bringing the cumulative total purchased to \$128.6 million. Total Class B stock outstanding, including patronage refunds and net of amounts converted to Class C stock, increased by \$41.8 million during fiscal year 1998, to \$631.4 million. Cumulative Class C stock rose to \$210.5 million.

Stockholder Equity Shares Outstanding
(millions of dollars)

